

Message Text

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SUMMARY: THE THIRD MEETING OF THE MIXED PORTUGUESE ECONOMIC COMMISSION WAS HELD IN OSLO 3-4 FEBRUARY 196. PRIME MINISTER NORDLI CONCURRENTLY EMPHASIZED TO AMBASSADOR BYRNE THE IMPORTANCE NORWAY PLACES IN ITS ASSISTANCE PROGRAM. DESPITE SOME DISAPPOINTMENT OVER LACK OF IMPLEMENTATION OF PREVIOUS COMMISSION PROGRAMS, NORWEGIAN AND PORTUGUESE NEGOTIATORS NOW BELIEVE THAT THE POLITICAL CLIMATE HAS STABILIZED TO THE POINT WHERE NORWEGIAN ASSISTANCE, CREDIT AND LOANS, AND ENCOURAGEMENT OF PRIVATE INVESTMENT WILL BEGIN TO TAKE EFFECT. END SUMMARY.

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1. THE THIRD MEETING OF THE MIXED PORTUGUESE-NORWEGIAN

ECONOMIC COMMISSION WAS HELD IN OSLO 3-4 FEBRUARY 1976. THE PORTUGUESE DELEGATION WAS LED BY FINANCE MINISTER SALGADO ZENHA, AND THE NORWEGIAN DELEGATION BY PER KLEPPE, MINISTER OF FINANCE. THE MIXED COMMISSION WAS ESTABLISHED AFTER THE APRIL REVOLUTION TO PROMOTE ECONOMIC RELATIONS AND COOPERATION BETWEEN PORTUGAL AND NORWAY AND PERIODICALLY TO REVIEW THE PROGRESS (OR LACK THEREOF) IN THE ECONOMIC AND POLITICAL SITUATION IN PORTUGAL. PREVIOUS MEETINGS HAVE BEEN LONG ON PROMISES TO "STRENGTHEN THE DEVELOPMENT OF DEMOCRACY IN PORTUGAL AND THE FRIENDSHIP BETWEEN THE TWO PEOPLES" AND SHORT ON CONCRETE ECONOMIC ASSISTANCE. NORWEGIAN AND PORTUGUESE NEGOTIATORS NOW BELIEVE THE POLITICAL CLIMATE IN PORTUGAL HAS STABILIZED TO THE POINT WHERE NORWEGIAN TECHNICAL ASSISTANCE, CREDIT, GUARANTEES, AND LOANS, AND ENCOURAGEMENT OF PRIVATE INVESTMENT CAN BEGIN TO TAKE EFFECT.

2. PRIME MINISTER ODVAR NORDLI REITERATED NORWEGIAN GOVERNMENT INTEREST IN THE PORTUGUESE SITUATION TO AMBASSADOR BYRNE IN A CONVERSATION ON FEBRUARY 2. NORDLI STRESSED THE IMPORTANCE HE ATTACHED TO THE NECESSITY OF WESTERN EUROPEAN NATIONS AIDING PORTUGAL. HE STATED THE PRESENT PROBLEM WAS NOT THE LACK OF FINANCIAL ASSISTANCE, BUT THE INABILITY TO ORGANIZE AND IMPLEMENT EXISTING PROGRAMS.

3. EFFECTIVE COOPERATION HAS BEEN ACHIEVED, ACCORDING TO THE COMMISSION, IN THE FIELDS OF FORESTRY AND FISHING WHERE NORWAY HAS SPENT NKR 3 MILLION (\$1.00 - NKR 5.5) AND NKR 2 MILLION RESPECTIVELY AND HAS A GREAT DEAL OF TECHNICAL EXPERTISE. THE PORTUGUESE DELEGATION ALSO EXPRESSED APPRECIATION FOR NORWEGIAN ASSISTANCE, BOTH PUBLIC AND PRIVATE, IN THE HOUSING FIELD AND IN THE RE-INTEGRATION OF PORTUGUESE NATIONALS RETURNING FROM THE FORMER PORTUGUESE COLONIES.

4. IN A TALK WITH EMBOFFS FEBRUARY 5, MINISTER KLEPPE STRESSED THE OVERRIDING NECESSITY FOR CONCRETE STEPS IN IMPLEMENTING PROMISED PROGRAMS. KLEPPE BELIEVES THAT A SMALL COUNTRY LIKE NORWAY SHOULD FOCUS ITS BILATERAL AID ON TECHNICAL ASSISTANCE AND IN PROMOTING PRIVATE INVEST-
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MENT. PROJECT AND FINANCIAL ASSISTANCE CAN BEST BE CHanneled THROUGH MULTILATERAL ORGANIZATIONS. WELL PLANNED USE OF NORWEGIAN EXPERTISE IN LIMITED FIELDS (I.E., FISHING AND FORESTRY), ASSISTANCE IN THE FORM OF CREDIT AND LOANS, AND ENCOURAGEMENT OF PRIVATE INVESTMENT CAN HAVE A POSITIVE IMPACT. THE COMMISSION ALSO CONFIRMED A CREDIT LINE OF NKR 100 MILLION AND A GOVERNMENT GUARANTEE SCHEME COVERING NORWEGIAN EXPORTS

AND INVESTMENTS IN PORTUGAL ESTABLISHED AT THE LAST MIXED ECONOMIC COMMISSION MEETING. KLEPPE ALSO EMPHASIZED THE IMPORTANCE NORWAY ATTACHES TO THE CONCRETE IMPLEMENTATION OF THE INDUSTRIAL DEVELOPMENT FUND APPROVED BY THE EFTA COUNCIL OF MINISTERS (REFTEL C). ACCORDING TO THE FOREIGN MINISTRY, NORWAY IS THE ONLY EFTA NATION CURRENTLY TO HAVE RECEIVED PARLIAMENTARY APPROVAL FOR ITS APPROPRIATION TO THIS FUND (NORWAY WILL CONTRIBUTE NKR 15 MILLION). NORWAY WILL PUSH FOR INTEREST FREE LOANS TO BE ADMINISTERED BY THE PORTUGUESE THEMSELVES. (OPPOSITION TO THIS PROPOSAL WILL PROBABLY COME FROM FINLAND AND SWITZERLAND.) THE EFTA ECONOMIC DEVELOPMENT COMMITTEE WILL DISCUSS THE MATTER IN THEIR NEXT MEETING IN GENEVA IN LATE FEBRUARY. A DELEGATION FROM THE NORWEGIAN FISHING DIRECTORATE WILL VISIT PORTUGAL LATER THIS MONTH TO ORGANIZE AND EQUIP THE COLD STORAGE AND DISTRIBUTION SYSTEM AGREED UPON IN THE MIXED ECONOMIC COMMISSION (REFTEL C). NORWAY'S TRADE UNION FEDERATION'S INTERNATIONAL SECRETARY KAARE SANDEGREN ALSO TOLD EMBASSY THAT LOS MINISTER JENS EVENSEN WILL SOON BE GOING TO PORTUGAL TO DISCUSS POSSIBLE PORTUGUESE ACCESS TO PROPOSED 200 MILE NORWEGIAN FISHING ZONE (REFTEL F). NORWAY HAS ALSO AGREED TO ASSIST PORTUGAL IN ESTABLISHING INSTITUTIONS

FOR DENTAL MEDICINE AT THE UNIVERSITIES OF LISBON AND OPORTO.

5. THE PORTUGUESE DELEGATION MET WITH LEADERS OF 40 OF THE LARGEST FIRMS IN NORWAY. MANY OF THESE FIRMS HAVE EXPRESSED INTEREST IN INVESTING IN PORTUGAL, INCLUDING KVAERNER INDUSTRY, AKER GROUP, AND ELKEN SPEGERVERKET. KLEPPE BELIEVES THE MEETINGS WITH NORWEGIAN INDUSTRY CONFIDENTIAL

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LEADERS WILL PROVE TO BE THE MOST IMPORTANT RESULT OF THE PORTUGUESE VISIT.

6. PORTUGUESE FINANCE MINISTER ZENHA ALSO GAVE THE NORWEGIAN DELEGATION A REVIEW OF THE POLITICAL SITUATION IN PORTUGAL. ZENHA TOLD KLEPPE THAT THE MILITARY WERE NOT AS INTERESTED IN DOMINATING THE GOVERNMENT AS BEFORE. HE THOUGHT PRESIDENTIAL AND PARLIAMENTARY ELECTIONS WOULD BE HELD IN APRIL OR MAY, AND LOCAL ELECTIONS IN THE FALL.

7. ADDITIONALLY, NORWEGIAN LABOR HAS PLANS TO HELP PORTUGAL'S SCOAISTS WITH TRADE UNION LEADERSHIP TRAINING, AS WELL AS WITH ASSISTING THE SOCIALIST PUBLISHING HOUSE AND HELPING IN THE ESTABLISHMENT OF AN EDUCATIONAL AND INFORMATIONAL CENTER (SEE REFTTEL A).

COMMENT: CLEARLY THE NEW PRIME MINISTER CONTINUES TO ATTACH UTMOST SIGNIFICANCE TO NORWAY'S MODEST AID PROGRAM. FINANCE MINISTER KLEPPE WAS "VERY SATISFIED" WITH THE LATEST MEETING. HE BELIEVED THAT THE PORTUGUESE WERE MORE OPTIMISTIC THAN HE HAD SEEN THEM AT PREVIOUS MEETINGS. THE POLITICAL WILL TO EXPAND ASSISTANCE TO PORTUGAL IS CERTAINLY PRESENT IN NORWAY. (THE PARLIAMENT WILL HAVE TO APPROVE ANY NEW ASSISTANCE.) THE BALL IS NOW IN PORTUGAL'S COURT TO SUGGEST FURTHER PROGRAMS.

IN THE PAST, ACCORDING TO NORWEGIAN OFFICIALS, PORTUGAL HAS OFTEN BEEN UNABLE EFFECTIVELY TO UTILIZE FOREIGN ASSISTANCE AND IN FACT HAS SOMETIMES BEEN UNAWARE OF EXISTING PROGRAMS (I.E., ZENHA WAS UNAWARE OF THE NKR 100 MILLION COMMERCIAL CREDIT LOAN PROGRAM ESTABLISHED BY THE SECOND MIXED ECONOMIC COMMISSION).

DESPITE CONTINUED ECONOMIC AND ADMINISTRATIVE DIFFICULTIES A GUARDED OPTIMISM PREVALED THESE LATEST MEETINGS. NORWEGIAN NEGOTIATORS CAME AWAY WITH THE IMPRESSION THAT THE POLITICAL CLIMATE IN PORTUGAL WILL AT LAST ALLOW EFFECTIVE IMPLEMENTATION OF WELL PLANNED FOREIGN AID PROGRAMS AND PRIVATE INVESTMENT.
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